# COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS AGENDA ITEM TRANSMITTAL

(1) DEPARTMENT General Services	(2) MEETING DATE May 23, 2006	(3) CONTACT/PHONE Duane P. Leib (805) 781-5200	cm/iw	
(4) SUBJECT Request to approve a Contract for Services between the County of San Luis Obispo and Comerford Inc., a California corporation, doing business as Fairway Management, for operation of the Pro Shop, Restaurant, Bar and Banquet Facilities at Morro Bay State Park Golf Course				
(5) SUMMARY OF REQUEST Approval of the attached contract will allow Comerford Inc., a California corporation, doing business as Fairway Management to operate, as a county concessionaire, the Pro Shop, Restaurant, Bar and Banquet facilities located at Morro Bay State Park Golf Course				
(6) RECOMMENDED ACTION The Department of General Services recommends your Board approve the Contract and instruct the chairperson to sign the document				
(7) FUNDING SOURCE(S)	(8) CURRENT YEAR COST	(9) ANNUAL COST	(10) BUDGETED?  No Yes N/A	
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): County Counsel				
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? No Yes, How Many?  Permanent Limited Term Contract Temporary Help				
(13) SUPERVISOR DISTRICT(S) ☐ 1st, ☐ 2nd, ☐ 3rd, ☐ 4th, ☐ 5th, ☐ All		(14) LOCATION MAP  Attached N/A	(15) Maddy Act Appointments Signed- off by Clerk of the Board	
(16) AGENDA PLACEMENT  Consent  Hearing (Time Est)  Presentation  Board Business (Time Est)		(17) EXECUTED DOCUMENTS  Resolutions (Orig + 4 copies)  Ordinances (Orig + 4 copies)  N/A		
(18) NEED EXTRA EXECUTED COPIES?  Number:3 Attached N/A		(19) APPROPRIATION TRANSFER REQUIRED? Submitted 4/5th's Vote Required N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)		(21) W-9	(22) Agenda Item History  N/A Date 08/16/2005	
(23) ADMINISTRATIVE OFFICE REVIEW				





## COUNTY OF SAN LUIS OBISPO

# department of general services

COUNTY GOVERNMENT CENTER • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5200 DUANE P. LEIB, DIRECTOR

TO:

BOARD OF SUPERVISORS

FROM:

DUANE P. LEIB. GENERAL SERVICES DIRECTOR

DATE:

MAY 23, 2006

SUBJECT: REQUEST TO APPROVE A CONTRACT FOR SERVICES BETWEEN THE COUNTY OF SAN LUIS OBISPO AND COMERFORD INC., A CALIFORNIA CORPORATION DOING BUSINESS AS FAIRWAY MANAGEMENT, FOR THE OPERATION OF THE PRO SHOP, RESTAURANT, BAR AND BANQUET

**FACILITIES AT MORRO BAY STATE PARK GOLF COURSE** 

### RECOMMENDATION

The Department of General Services recommends your Board approve the contract and instruct the chairperson to sign the document.

### **DISCUSSION**

The County of San Luis Obispo is the current Operator of the Morro Bay State Park Golf Course and has operated the golf course since 1970. The current 20-year Operating Agreement ("Agreement") between the County and the State commenced January 23, 2000 and will terminate August 31, 2019. The Agreement grants the County the rights to develop, equip, operate, control and maintain the existing 18-hole golf course and clubhouse. The terms and conditions of the Agreement allow the County to offer services to the public through a concessionaire provided specific resource codes are followed.

In accordance with Public Resources code section 5080.30, in 2000 the Department of General Services issued a Request for Proposal ("RFP") to solicit Concessionaire services for the operation of the Pro Shop at the Morro Bay State Park Golf Course. Through the RFP process. Comerford Inc., a California corporation, doing business as Fairway Management, was recommended by the selection committee as the "Best Responsible Proposer." On January 9, 2001, your Board approved a contract with Comerford Inc., for a period of five years, with the ability to extend the term for an additional 5-year period, to provide Pro Shop Concession services at the Morro Bay State Park Golf Course.

At that time the Food and Beverage services were being offered under a separate contract with Black Hills Golf Corporation. The contract was terminated prior to the contract expiration

Board Supervisors May 23, 2006 Page two

date, and on May 13, 2002, the County of San Luis Obispo, with approval from the State, entered into a month-to-month Use Permit with Fairway Management, for Food and Beverage services at Morro Bay State Park Golf Course.

The attached contract is combined and is for the Morro Bay State Park Golf Course. The contract services include the right to maintain and operate both pro shop and food and beverage services. The term of the contract is for a period of 5 years, which is the remaining option, and will expire on January 31, 2011. As provided in the contract, in the event the State approves an additional 5-year term, this contract will terminate on January 31, 2016. Otherwise, the County may issue a Request For Proposal to solicit proposals for the provision of these services.

Fairway Management has continued to provide solid and reputable golf services for the residents of our county. As well, Fairway Management is recognized statewide and nationally as an excellent provider of professional golf opportunities. The food and beverage services provided by Fairway Management at the clubhouse continue to adequately serve the golf patrons, and the banquet facilities are becoming well known in the community.

Therefore the Department of General Services recommends your Board approve the Contract with Comerford Inc. for continued services at the Pro Shop, Restaurant, Bar and Banquet facilities at Morro Bay State Park Golf Course.

#### OTHER AGENCY INVOLVEMENT/IMPACT

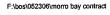
County Counsel has approved the Contract as to form and legal effect.

#### FINANCIAL CONSIDERATIONS

The Contractor will collect for the County all greens fees, all revenue from sales of golf discount cards, and all golf course development surcharge fees. In addition, the County will receive 23% of the monthly Golf Cart Revenue, which is increased from the prior contract requirement of 18%. The Contractor will retain 100% of the revenue for the Driving Range, Pro Shop, and Food and Beverage Services. This Contract has been re-structured to equal, if not exceed, past revenue from the separate contracts at the Morro Bay State Park Golf Course.

#### **RESULTS**

Approval of the Contract will continue to authorize Comerford Inc. to provide both Pro Shop and Food and Beverage services at Morro Bay State Park Golf Course, a recreational facility, leased by the County from the State of California.





# MORRO BAY GOLF COURSE

#### CONTRACT

# A CONTRACT FOR SERVICES OF AN INDEPENDENT CONTRACTOR

This Contract, made and entered into this \_\_\_ day of \_\_\_\_\_, 2006, by and between the County of San Luis Obispo, a public entity in the State of California, hereinafter referred to as "County", and Comerford, Inc., a California corporation, doing business as Fairway Management, hereinafter referred to as "Contractor".

WHEREAS, County, as operator of the Morro Bay State Park Golf Course for the State of California ("State"), pursuant to an Operating Agreement entered into on the 24th day of January, 2000, and pursuant to Public Resources Code Section 5080.30 et.seq., may grant concession agreements for the rendering of public services at said golf course in accordance with the standards contained in said Operating Agreement; and

WHEREAS, it is appropriate that the following contract be entered into for the safety and convenience of the general public and the use of and enjoyment of the County Park System.

#### WITNESSETH:

In consideration of the mutual covenants, conditions, promises, and agreements herein contained, the County and Contractor hereby mutually covenant and agree as follows:

1. <u>Description of Premises</u>: The purpose of this Contract is to obtain services of a pro shop and food and beverage operator for Morro Bay State Park Golf Course. The license to enter and use the underlying real property and any improvements that are real property are **incidental to and flow from** the status necessary to provide services and operate a pro shop and restaurant on public property. The use of the real property, improvements and fixtures does not grant Contractor any incidents of ownership or easement. No interest in land or fixtures is granted.

The County, for and in consideration of the promises hereinafter made, grants to Contractor the right and privilege to maintain and operate a pro shop and food and beverage concession at the Morro Bay State Park Golf Course. A vicinity map is provided on Exhibit "A" and the concession Premises is more fully designated on Exhibit "B" both attached hereto and incorporated by this reference.

No rights, other than those expressly given in this Contract, are granted, and any other implied rights are hereby denied Contractor under this Contract.

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**Condition of Premises:** The taking of possession of the subject Premises by Contractor shall, in and of itself, constitute acknowledgment that the Premises are in good and tenable condition. Contractor agrees said Premises are in their presently existing condition, suitable to this Contract, "as is"; and the County shall not be obligated to make any alteration, additions or betterment thereto.

#### 3. Term

- A. The term of this Contract shall commence February 1, 2006 and shall expire January 31, 2011, unless terminated sooner as specified in this subparagraph. Without penalty or cause, any time at the end of the first year of the Contract term, including renewal or extension, either party may give 12-month advance written notice by certified mail or personal delivery, of its intention to terminate this Contract. County and Contractor can <u>mutually</u> agree, in writing, to exercise a five (5) year extension or renewal of this Contract to be exercised separately, on the same covenants, terms, and conditions as those of this Contract, to commence February 1, 2011, and terminate January 31, 2016. In absence of said written mutual agreement, this Contract shall terminate on January 31, 2011. Contract extension or renewal is predicated on approval by California Department of Parks and Recreation.
- **B.** As a condition precedent to Contractor commencing occupancy, use and operations, Contractor shall place copies of all insurance policies and bond required by *Paragraphs 23 and 24* hereof in the hands of the County. All insurance companies and the bond sureties must be admitted in California and certified, as to admission, by the California Insurance Commissioner. Out of state and off shore Insurers do not qualify. Proof of admission must be submitted and said proof shall be dated within 30 days of execution of this Contract. Failure to provide proof shall make this Contract null and void. All insurance shall be delivered to the County of San Luis Obispo at the following address:

County of San Luis Obispo Department of General Services 1087 Santa Rosa San Luis Obispo, CA 93408 Attn: Property Management

At the expiration or termination of this Contract, Contractor shall quit and surrender the said Premises including real property improvements, if any, in a good state of repair, damage by matters over which Contractor has no control excepted, provided that such exculpatory provisions shall not extend to any risk which Contractor is required to insure against as herein provided.

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#### 4. Rent

- A. Contractor shall act on behalf of, and as agent for, County in the collection of **One Hundred Percent (100%)** of greens fees, revenue from sales of all golf discount cards, and golf course development surcharge fees, hereinafter referred to as "County Revenue." On a regular basis, Contractor shall deposit County Revenue into a designated bank account maintained and controlled exclusively by the County.
- **B.** Contractor shall act on behalf of, and as agent for, County in the collection of **One Hundred Percent (100%)** of golf cart revenue generated by the operation of the golf course pro shop, including revenue generated from leased golf carts and revenue generated from golf *cart* registration cards, hereinafter referred to as "Golf Cart Revenue."

Except as provided in *Subparagraph C*. below, as compensation for this service, Contractor shall retain **Seventy-Seven Percent (77%)** of monthly Golf Cart Revenue, and shall pay County on a monthly basis the remaining **Twenty-Three Percent (23%)** of Golf Cart Revenue collected on County's behalf. Contractor shall pay County by the fifteenth day of the second calendar month after the Contract term begins and shall continue each and every month including the month following termination of the Contract.

- C. Hereinafter, "Contractor Revenue" shall be defined as the sum of (1) Seventy-Seven Percent (77%) of Golf Cart Revenue, (2) One Hundred Percent (100%) of driving range operations revenue, (3) One Hundred Percent (100%) of Pro Shop revenue including revenues from golf club rentals, electric and manual handcart rentals, golf lessons, transaction/reservation charges, and any other income derived from Pro Shop operations, and (4) One Hundred Percent (100%) of food and beverage sales.
- **D.** The terms "County Revenue", "Golf Cart Revenue", and "Contractor Revenue" whenever used in this Contract, are intended and shall mean all monies, property or any other thing of value received by Contractor through the operation of said Contract, without any deduction or deductions; it being understood, however, that the terms "County Revenue", "Golf Cart Revenue", and "Contractor Revenue" shall not include any sales or excise taxes imposed by any governmental entity.
- E. Contractor shall maintain records and accounts, as the County Auditor-Controller shall require. County may audit Contractor's records and accounts at any time. County shall have the right through its representative, at all reasonable times, to inspect books and records, including State of California Sales Tax Records; and Contractor agrees that all books and records are available to the County. All Federal

Tax returns of Contractor, relative to Contract, shall be made available to the County for accounting examination purposes.

County reserves the right to examine all books and records at any time during a five (5) year period following the termination of the Contract.

Contractor agrees that as part of Contractor's record keeping activity, Contractor shall install and maintain cash register equipment, and maintain the computer equipment deemed necessary and provided by the County.

- **F.** Contractor shall be responsible for paying all costs and expenses of Pro Shop and Food and Beverage operations and activities except those costs and expenses that this Contract expressly provides are to be borne by the County.
- 5. <u>Fee Collection</u>: Contractor hereby agrees and is required to collect greens fees, revenue from sales of all discount golf cards, golf course development surcharge fees, and golf cart revenue, hereinafter "fees", for County on a daily basis. Contractor is the fiduciary agent for the County relative to the handling of said fees. Contractor will regularly deposit said fees into a designated bank account maintained and controlled exclusively by County. Contractor is required and hereby agrees to forward the cash register tapes, bank deposit receipts, and/or information to County on a regular basis. Contractor shall be solely responsible and liable to the County of San Luis Obispo, for the collection, recordation, and deposit of said fees into the County's bank account.

#### 6. Use of Premises:

- **A.** Contractor acknowledges golf course is a public recreation facility located in a multi-use public park, constructed with public funds and agrees to operate said course open to the public without discrimination or exclusivity and on an equal basis open to all and to the <u>extent allowable</u>, keeping in mind the health, safety and welfare of the general public.
- **B.** Contractor shall not use or permit the subject Premises to be used in whole or in part during the term of this Contract for any purpose other than as set forth without prior written consent of the County.
- C. Contractor expressly agrees at all times during the term of this contract, at his own cost and expense to maintain and operate such Premises and areas adjacent, in a clean, safe, wholesome and sanitary condition, free of trash, garbage or obstruction of any kind, and in compliance with any and all

present and future laws, rules, or regulations of any governmental authority, now or at any time during the term of this contract in force, relating to sanitation or public health, safety or welfare; and Contractor shall at all times faithfully obey and comply with all laws, rules and regulations of Federal, State, County or other governmental bodies or department of officers thereof, and this contract is expressly subject to the provisions and requirements of any existing or future agreements between the County and the United States of America or the State of California relative to the development, operation or maintenance of the golf course and food and beverage facilities. Contractor shall remedy without delay any defective, dangerous or unsanitary conditions.

- **D.** Contractor shall provide trained professional staff for the operation of the contract as granted herein and shall keep the Premises equipped in a first-class manner throughout the term of this Contract.
- **E.** Contractor is encouraged to have staff members maintain current certification in Adult Cardiopulmonary Resuscitation ("CPR") and First Aid.
- **F.** Contractor shall operate the pro shop, driving range facility, and food and beverage facility in a businesslike manner and to the satisfaction of the General Services Director ("Director").
- **G.** Contractor shall provide a well-stocked pro shop offering a selection of golf clothing, golf supplies for sale and/or rental, and golf equipment repairs.
- H. Contractor will be responsible for providing and maintaining, renting, staging, and daily cleaning of golf cart fleet, consisting of a minimum of 74 electric carts. Individual carts within the cart fleet shall not exceed four (4) years in age at any time during the contract, with the exception that carts may be allowed to reach a maximum of five (5) years in age if they have been exceptionally well maintained and with the written approval from the County Parks Manager. Contractor will be responsible for the preventive maintenance and repairs of the golf cart fleet. Contractor shall not rent the electric golf carts or handcarts on such days as the Director, or his designee, determines that the use of such equipment would damage the golf course turf. Contractor shall operate the golf course driving range, including provision, management, maintenance, and replacement of range balls. The Contractor will provide, maintain and replace as necessary, driving range equipment to include range ball baskets (large and small), range ball picker, range driving mats, range dividers, range bag stands, yardage signs, target green flags, utility vehicle for driving range. County shall provide routine maintenance of the driving range and driving range tee.

- I. Contractor shall offer daylight to dark hours of operation to the golfing public seven (7) days a week starting no later than 6:00 a.m. and continuing until golfers and golf carts are off the course. Starting times are to be taken in a manner established by County, and may be modified to suit seasonal influences. County policy is subject to revision at County discretion.
- J. Contractor shall offer professional golf lessons and shall have use of the practice area for the teaching or imparting of instruction in the game of golf.
- **K.** Contractor shall organize, implement and supervise a community golf program, as approved by County Parks Manager, designed to introduce, instruct and promote golf to area residents.
- L. Contractor shall follow County policy regarding tournament play. County policy is subject to revision at County's sole discretion, at any time without prior notice. Contractor shall follow County policy regarding free play. County policy is subject to revision at County's sole discretion, at any time without prior notice.
- M. Contractor shall employ, at a minimum, one Class A Member in good standing of the Professional Golf Association, or Ladies Professional Golf Association.
- N. Contractor shall be responsible for all activity on the golf course including the enforcement of such rules and regulations as the County may adopt relating to the conduct of patrons on the golf course.
- O. Contractor shall be solely responsible for all aspects (including recruitment and supervision) of marshaling and of all activity on the golf course relating to the conduct of patrons thereon. At a minimum, marshaling shall address course etiquette, safety, and speed of play and verification of fees paid. Marshaling need not involve salary expense to Contractor for marshals.
- P. Contractor shall be solely responsible for providing of all services, equipment, supplies, and personnel for the administration, staffing, operation and maintenance of the pro shop and food and beverage operations. Contractor shall install at Contractor's expense, a satellite dish or cable television and big screen, or multiple televisions, for patron viewing, in the snack bar area. These improvements shall remain the personal property of the Contractor and may be removed upon termination of the Contract. Upon removal of the improvements, the Premises shall be restored to its original condition. Contractor shall be solely responsible for payment of all associated satellite or cable services.

- Q. Contractor shall have the right and duty to manage, operate and control the Contract facilities and all of the mentioned activities in this paragraph, and to do all things necessary in the exercise of such management, operation and control subject to the regulations and policies of the Director, and in accordance with the terms and conditions set forth in this contract.
- **R.** Contractor enters into this agreement solely and exclusively as an independent contractor and only in that capacity and not as a partner or employee, or other agent of the County. All services performed by Contractor relating to operation and management of the Premises in combination with payment of the percentages set forth in *Paragraph 4* and fee collection as specified in *Paragraph 5*, are intended as consideration supporting this Contract.
- S. Contractor shall offer food and beverage service, including alcoholic beverages, to the golfing public from the Premises. Contractor shall offer food and beverage service to the outside public and groups, but recognize that the booking of outside functions must not adversely impact the golfing public to the facility.
- T. Contractor shall provide the following additional services/improvements to the Morro Bay State Park Golf Course at no cost to the County:
  - (1) Contractor shall routinely inspect parking lot and Pro Shop Premises and monitor for cleanliness compliance and trash removal.
  - (2) Contractor shall maintain a County provided computerized central reservation system utilizing County provided program software. Upgrades to said software is County's responsibility. Ownership of the database created with the County owned software remains with the County.
  - (3) During the term of the Contract, Contractor shall assume responsibility for booking reservations. At the termination of this Contract, Contractor agrees to surrender the list of all future reservations and the list of associated deposits to County.
- 7. <u>Contractor Right to Contract for Third Party Services</u>: County shall permit Contractor to contract for specialized services, subject to the following conditions:
  - **A.** The Director shall approve any specialized service needed.



- **B.** Any specialized service contractor shall be fully licensed and insured, a reputable contractor in his field, and shall name the County as additional insured on his insurance policy, of which said policy shall be in conformance with County insurance requirements.
- **C.** Service shall be provided to Contractor at no cost or expense to the County. The Director shall have sole and final right to decide any contracted issues.
- **D.** Any Contract for specialized services shall contain the County's indemnification clause in favor of the County. Consideration for said clause shall be the right to enter County Premises to perform specialized services.
- 8. <u>Janitorial</u>: Contractor shall be solely responsible for complete janitorial services and the furnishing of janitorial supplies, lamps and tubes for the proper maintenance of the clubhouse Premises as defined on Exhibit "B" attached hereto. In addition, Contractor shall maintain the golf cart staging area and golf cart storage barn.
- 9. <u>Utilities</u>: Contractor shall be solely responsible for provision and payment of utilities, including but not limited to water, sewer, electric, and trash and natural gas service to the building in its entirety. Contractor shall provide and pay for telephone services to the Premises, including the golf reservation line, fax lines, as well as electric services for the golf cart storage barn.

The County shall be solely responsible for the establishment and payment of the alarm system for the building in its entirety.

Maintenance/Repairs: Contractor shall be responsible for the first Fifteen Hundred Dollars (\$1,500) in "each instance" of maintenance and repair costs to the Premises, as outlined in Exhibit "B," including, but not limited to, electrical, plumbing, heating and air conditioning systems, sound systems, walls, doors, appliances, exterior building maintenance, and roof. "Each instance" shall mean the entire repair effort made to restore proper function to a repaired item, whether the attempt is singular and successful or a series of repair efforts or cumulative instances of repair.

County shall be responsible for any amount in excess of Fifteen Hundred Dollars (\$1,500.00) in "each instance" of the maintenance and repair costs to the Premises.

Contractor shall submit any maintenance or repair cost in excess of Fifteen Hundred Dollars (\$1,500) in "each instance" to the Director for review and written approval **prior** to any repair or maintenance work being performed.

Should Contractor fail or neglect to make maintenance or repairs in a timely manner, and such delay results in maintenance or repair costs greater than Fifteen Hundred Dollars (\$1,500) in "each instance," Contractor shall be responsible for the full cost of the maintenance or repair. Contractor shall not, at any time, commit or suffer to be committed any waste, neglect, nuisance, or unlawful act thereon. Should Contractor fail or neglect to make repairs deemed necessary by the Director to protect the health, safety or welfare of individuals using the Premises or fail or neglect to make a repair required to protect the structural integrity of the Premises pursuant to the terms set forth in this Contract, County may, after written notice to Contractor, make said repair and charge Contractor for the full cost of said repair, which shall be reimbursed to the County upon written demand.

Contractor may employ, pay and supervise maintenance personnel to perform required services. Maintenance personnel shall be responsible to Contractor and cooperate with County personnel. Contractor shall employ personnel of good moral character and who are physically able to handle their duties and must be promptly replaced when derelict in their duties. There shall be no drinking of liquor, or other alcoholic beverages in or around the Premises by Contractor's employees while on duty.

Contractor shall, at all times and at his own expense do all things reasonably necessary to protect the facilities used by Contractor.

The County also reserves the right to do any and all work of any nature necessary for the preservation, maintenance and operation of the Premises in any areas within the confines of said Premises. Contractor shall be given notice when such work may become necessary and will adjust Premises operations in such a manner that the County may proceed expeditiously.

The Contractor shall not grant, with respect to said Premises, easements, rights-of-way, licenses or permits.

- 11. <u>Minor Supplies and Equipment</u>: Contractor owns all minor supplies and equipment.
- 12. <u>Significant Value/Fixed Assets</u>: Contractor hereby agrees to accept County significant value/fixed assets (current value not less than \$2,500 per asset, or deemed significant value by County due to permanent nature of asset) including furnishings, machinery, equipment, and supplies at the Premises as described in Exhibit "C" (Significant Value/Fixed Assets Inventory) attached hereto and incorporated herein by this reference.

Contractor shall accept the equipment inventoried in the aforementioned Exhibit "C" in an "as is" condition on the effective date of this Contract. Contractor shall be obligated to provide, maintain, and replace as necessary with equipment of equal or greater quality and/or type, the inventory specified in Exhibit "C". Specified inventory in Exhibit "C" is exempt from *Paragraph 10*. *Maintenance/Repairs* above, and Contractor shall be solely responsible for any and all costs associated with repairs, maintenance, and replacement of said inventory. County shall not be obligated to repair, restore, refurbish, or otherwise incur any expense in improving and/or changing the condition of the specified inventory in Exhibit "C".

Contractor shall use said Inventory at the Premises only during the term of this Contract without payment to County. Such equipment shall be used only for the activities permitted in this Contract and shall not be removed from the Premises for other purposes and shall be kept in good maintenance and repair by Contractor.

Contractor shall replace any equipment, as detailed in Exhibit "C", which is stolen, lost, damaged, or worn beyond repair or useful life, with equipment of equal or greater quality and/or type. Upon said Inventory item becoming worn beyond repair, useful life or useful salvage benefit, Contractor shall return said item to County for disposal. Upon termination of this Contract, all such equipment listed in Exhibit "C" and furnished by County and/or replaced by Contractor shall be returned to County without cost, in reasonable operating condition.

Contractor shall not be obliged to return to County additional equipment or furnishings purchased by Contractor of a type or use not provided, specified, or required of Contractor by County.

Title to all equipment described in Exhibit "C" shall remain vested in County. Said Inventory Exhibit "C" shall be updated from time to time, as necessary.

13. <u>Capital Improvements</u>: Any and all Capital Improvements to be undertaken hereunder shall be administered as follows:

Contractor agrees to submit to the Director for review and approval, all plans including specifications, working drawings, bid prices, and other information required by the Director covering the projects to be accomplished by Contractor. Said plans shall be submitted to the Director for the Director's approval at least sixty- (60) days in advance of the initiation of any such projects. If the Director objects to all or any portion of such plans, the Director shall state the objections specifically, and the Contractor shall make the changes specified and resubmit the plans as revised for the Director's approval as herein provided.



No improvement or alteration shall be made to the Premises or any portion thereof without the submission to and prior written approval of the plans by Director, or his designee. Approval and authorization by the Director shall not be unreasonably withheld. Nothing contained herein shall be construed by Contractor to be a waiver by the Director of Contractor's need to acquire building and construction permits to include, but not be limited to, required permits from the Planning and Building and Environmental Health Departments and other applicable licenses through governmental processes.

14. Ownership of Improvements: The County retains title to improvements on the Premises at the commencement of this Contract. This Contract is subject to any rights of ownership in the improvements. The ownership of all approved improvements constructed by the Contractor, if any, shall remain in Contractor until expiration, or sooner termination, of the term of this Contract.

All improvements on the Premises at the expiration of the term (or sooner termination of this Contract), including any fixed assets included in capital improvement request submitted by Contractor and approved by County in accordance with aforementioned *Paragraph 13*, shall, without compensation to Contractor, become County property free and clear of all claims to or against them by Contractor or any third person, and Contractor shall defend and indemnify the County against all liability and loss arising from such claims or from the County's exercise of the rights conferred by this paragraph.

- 15. <u>Personal Property</u>: Title to all personal property provided by the Contractor shall remain in the Contractor. Personal property is exempt from *Paragraph 10 Maintenance/Repairs* clause above. County shall not be obligated to repair, restore, refurbish, or otherwise incur any expense regarding personal property of Contractor.
- Advertising/Public Relations: All public relations are for the benefit of County and shall be conducted in County's best interest. County has ultimate, sole discretion over all public relations matters. Contractor and County expressly agree that public relations, advertising, and promotions are key and critical components to the economic success of Morro Bay State Park Golf Course. Contractor shall diligently pursue at Contractor's sole expense, a comprehensive program of multi-media advertising, publicity, and promotion designed to increase the use of the golf course facilities. Said advertising, publicity and promotion shall be in good taste and reported to the County and all advertising matter to be published or circulated by or on behalf of the Contractor shall be submitted to and approved by the Director, or his designee, prior to publication or circulation.

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- 17. Exclusive Management: Contractor shall **not** have the right to operate and/or promote any other business from the Premises without prior written consent from the County Parks Manager. Contractor shall and hereby agrees to conduct any and all pro shop related services in such a way so as not to create a conflict of interest with other County of San Luis Obispo owned and/or operated golf course(s).
- 18. <u>Signs and Approval of Name</u>: No signs, names or placards shall be inscribed, painted or affixed upon said Premises without notification and/or written consent of Director.
- 19. <u>Termination</u>: If any of the following occur, the Director shall have the right to terminate this Contract effective immediately for cause upon giving written notice to the Contractor and Contractor shall have thirty (30) days to remove personal property from the Premises:
- A. Contractor fails to fulfill in a timely and professional manner its legal and contractual obligations under this Contract; or
- **B.** Contractor, or its agents or employees, fail to exercise good behavior during working hours that is of such a nature as to bring discredit upon the County.

# 20. Quality of Service and Control of Rates and Charges:

Contractor agrees that Contractor will provide the described services offered in a first class manner equal to or exceeding the standard met by comparable business of Contractors providing similar services during the entire term of this Contract.

The County shall have access to, and the right to inspect the schedule of prices and rates for goods sold or services rendered or performed upon the subject Premises, which are not set by the Board of Supervisors. If the County determines that any price or prices are unreasonable or inappropriate for the services rendered, or the item sold, the same shall be modified as directed by the Director; provided that Contractor prior to such modification shall be given a reasonable opportunity to confer with the Director and justify such prices.

The Director reserves the right to prohibit the sale of any item that is deemed objectionable or beyond the scope of merchandise deemed necessary for proper service to the public. A competent employee of Contractor shall be on the Premises at all times while the Premises are open and in operation. Contractor agrees that he shall and will furnish and maintain a high standard of service.

21. <u>Closure</u>: At any time, should an occurrence such as war, armed conflict, public emergency, public nuisance, calamity, fire, earthquake, flood, act of God, strike, or similar act or other event which



necessitates the closing of the Morro Bay State Park Golf Course, or a portion thereof, to the general public, and prevent performance of this Contract in accordance with the rights and privileges granted herein, Contractor shall have no recourse by law or equity to County for losses incurred.

- 22. **Hold Harmless Agreement:** The Contractor shall indemnify and save harmless the County, its officers, agents and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Contract or attempted performance of the provisions hereof, including, but not limited to, those predicated upon theories of violation of statute, ordinance, or regulation, professional malpractice, negligence, or recklessness including negligent or reckless operation of motor vehicles or other equipment, furnishing of defective or dangerous products or completed operations, Premises liability, liability arising from trespass or inverse condemnation, violation of civil rights and also including any adverse determination made by the Internal Revenue Service or the State Franchise Tax Board with respect to Contractor's "independent Contractor" or "Contractor" status that would establish a liability for failure to make social security and income tax withholding payments, or any act or omission to act, whether or not it be willful, intentional or actively or passively negligent on the part of Contractor or his agents, employees or other independent Contractors in the chain of contractual privity with Contractor; providing further that the foregoing shall apply to any wrongful acts or any actively or passively negligent acts or omissions to act, committed jointly or concurrently by Contractor or Contractor's agents, employees or other independent Contractors and the County or State, its agents, employees or independent Contractors. Nothing contained in the foregoing indemnity provision shall be construed to require indemnification for claims, demands, damages, costs, expenses or judgments resulting solely from the negligence or willful misconduct of the County.
- 23. <u>Insurance</u>: Contractor shall obtain and maintain for the entire term of the Contract and Contractor shall not perform any work under this Contract until after he has obtained insurance complying with the provisions of this paragraph, delivered a certified copy of each insurance policy to the County, and obtained County approval of all such policies. Companies authorized to do business in the State of California shall issue said policies. Contractor shall maintain said insurance in force at all times. The following coverage with the following features shall be provided:
- A. <u>Commercial Liability Insurance</u>: Contractor shall maintain in full force and effect for the period covered by this Contract, commercial liability insurance. This insurance shall include, but



shall not be limited to, comprehensive general and automobile liability insurance providing protection against claims arising from bodily and personal injury, including death resulting there from, and damage to property resulting from any act or occurrence arising out of Contractor's operations in the performance of this Contract, including, without limitation, acts involving vehicles. The policy shall provide not less than single limit coverage applying to bodily and personal injury, including death resulting there from, and property damage in the total amount of One Million Dollars (\$1,000,000). The following endorsements must be attached to the policy:

- (1) If the insurance policy covers on an "accident" basis, it must be changed to "occurrence".
- (2) The policy must cover personal injury as well as bodily injury.
- (3) Blanket contractual liability must be afforded and the policy must contain a cross liability or severability of interest endorsement.
- **B.** Workers' Compensation Insurance: In accordance with the provisions of sections 3700 et seq., of the California Labor Code, if Contractor has any employees, Contractor is required to be insured against liability for workers' compensation or to undertake self-insurance. Contractor agrees to comply with such provisions before commencing the performance of this Contract.
- C. Additional Insureds to be Covered: The commercial general liability policies shall name the "County of San Luis Obispo, its officers, employees, and agents" as additional insureds. The policy shall provide that the Contractor's insurance will operate as primary insurance and that no other insurance maintained by the County, or additional insureds will be called upon to contribute to a loss hereunder.
- **D.** <u>Certification of Coverage</u>: Prior to commencing work under this contract, Contractor shall furnish County with the following for each insurance policy required by this Contract:
- (1) A copy of the Certificate of Insurance shall be provided. The certificate of insurance must include a certification that the policy will not be canceled or reduced in coverage or changed in any other material aspect without thirty- (30) days prior written notice to the County.
- (2) A copy of the Contractor's Workers' Compensation policy need not be provided, but a copy of proof of coverage does need to be provided.

- (3) Upon further written request, the Contractor shall provide a copy of the entire insurance policy and not just the "face sheet" or proof of coverage.
- (4) Approval of Insurance by County shall not relieve or decrease the extent to which the Contractor may be held responsible for payment of damages resulting from Contractor's services or operations pursuant to this Contract. Further, County's act of acceptance of an insurance policy does not waive or relieve Contractor's obligations to provide the insurance coverage required by the specific written provisions of this Contract.
- E. <u>Effect of Failure or Refusal</u>: If Contractor fails or refuses to procure or maintain the insurance required by this contract, or fails or refuses to furnish County with the certifications required by *Subparagraph D* above, County shall have the right, at it's option, to forthwith terminate the Contract for cause.
- 24. Performance Bond Requirements: The Contractor agrees to furnish a faithful performance bond in the sum of \$20,000 (or a cashier's check, or a bank letter of credit, or certificate of deposit in name of County with interest payable to Contractor, in lieu thereof), it being understood and agreed that such bond shall be in force at all times during the term of this Contract; and, if canceled, the Contractor shall immediately seek and obtain a similar replacement bond or this Contract shall be terminated effective immediately. This security shall guarantee faithful performance of this Contract including all Contractor's obligations and responsibilities under this Contract. Said bond shall be kept by Contractor in full force and effect during the entire term of this Contract to insure faithful performance by Contractor of all the covenants, terms and conditions of this Contract, inclusive of, but not restricted to, the payment of all rentals, fees and charges. The surety company issuing said bond or bonds shall give County notice in writing at least thirty- (30) days prior to any expiration of the bond or bonds of Contractor.
- 25. <u>Taxes</u>: During the term of this Contract, Contractor hereby agrees to pay, prior to delinquency, all taxes and assessments, including both general and special, levied or assessed against the Premises and in connection with the Premises and Contractor's operation thereof, including without limitation, taxes on Contractor's possessory interest hereunder or in the Premises, and taxes or assessments on all structures, improvements, and fixtures now or hereinafter existing on the Premises, and on any personal property situated in, on, or about the Premises, or in, on or about any structures or improvements thereon. Contractor is hereby informed that a possessory interest subject to property taxation shall be

created by this agreement and that the party to whom the possessory interest is vested (Contractor) shall be subject to the payment of property taxes levied on such interest and must pay such taxes prior to delinquency.

Contractor's Responsibility for Compliance: Contractor shall at all times observe and comply with, and shall cause all his agents, employees and sub-contractors to observe and comply with all present and <u>future</u> laws, statutes, ordinances, regulations, rules, resolutions, or other binding enactments of any governmental authority, now or at any time during this Contract and any extensions thereof. If any future laws, rules, regulations or ordinances are passed by the County and said legislative enactment has <u>any impact</u> fiscal or otherwise on Contractor, and if Contractor does not make a timely objection to County during the course of legislative process, Contractor will be deemed to have waived any right to object at a later time and waives all damages flowing there from.

**Notices:** Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by U.S. Postal Service, first class, or certified, or registered mail as follows:

To the Contractor at:

Comerford Inc.

dba Fairway Management Attn: Ryan Comerford 2990-A Dairy Creek Rd. San Luis Obispo, CA 93405

To the County at:

County of San Luis Obispo
Department of General Services

1087 Santa Rosa

San Luis Obispo, CA 93408 Attn: Property Manager

The address to which the notices may be mailed as aforesaid by either party may be changed by written notice given by such party to the other as herein before provided, but nothing herein contained shall preclude the giving of any such notice by personal service.

**Breach:** This Contract is granted by County upon the express condition that in the event the Director deems objectionable or improper any conduct on the part of the Contractor, its employees or agents, which shall not have been remedied or corrected within a period of thirty (30) days after written notice thereof by County to Contractor; or if default or breach of Contract be made by Contractor in any of the

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covenants herein contained and Contractor shall continue in such default or breach; or should any attachment, garnishment or execution be levied against the Contractor or County's property and not be removed within ten days after written notice from County; or if Contractor shall cease its operations under this Contract for causes other than destruction of the Premises, either with or without legal process, on giving 10 days notice of intention to do so, and upon expiration of said notice, County, or its officers, agents or employees, shall be entitled to the immediate possession of the contract Premises and this Contract shall terminate effective immediately and Contractor shall have thirty (30) days to remove personal property.

The exercise of the remedies provided for in this section shall be cumulative and in no way affect or replace other remedies available to County.

**Assignment of Contract:** Inasmuch as this Contract is intended to secure the specialized services of the Contractor, Contractor shall not assign, transfer, delegate, or sublet this Contract or any interest therein without the prior written consent of County, and any such assignment, transfer, delegation, or sublet without the County's written approval shall be considered null and void.

Any proposed assignee shall have at least three (3) years of experience in the management and/or operation of a pro shop and food and beverage operation substantially the same as the business operated by the Contractor in the Premises.

In lieu of such actual experience, the proposed assignee shall provide satisfactory evidence to the County that the proposed assignee will hire as employees or independent Contractors personnel competent to inventory, merchandise, market and operate the pro shop, restaurant, bar, and banquet facility duties and business being conducted on the Premises.

County may at its option sell, assign, transfer to or delegate the Premises and/or Morro Bay State Park Golf Course to another governmental agency provided that such sale, assignment transfer or delegation shall not terminate this Contract.

- 30. <u>Waiver of Claim</u>: Contractor hereby waives any claim against the County, its officers, agents or employees for damage or loss caused by any suit or proceeding directly or indirectly attacking the validity of this Contract, or any part thereof or by any judgment or award in any suit or proceeding declaring this Contract null, void or voidable, or delaying the same or any part thereof from being carried out.
- 31. <u>Duration of Public Facilities</u>: By entering into this Contract, the County makes no stipulation as to the type, size, location and duration of public facilities to be maintained at the golf course.

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32. Eminent Domain: If the whole of the Premises shall be taken or condemned by any competent authority under power of eminent domain for a public or a quasipublic use or purpose, then the services Contract hereby created shall cease and terminate as of the date actual physical possession of the Premises is taken by the condemnor. All compensation and damages awarded for such total taking shall belong to and be the sole property of County, provided, however, that Contractor shall be entitled to receive any award for the taking of or damage to Contractor's equipment, fixtures, or any improvements made by Contractor to the Premises which the Contractor would have had, but for the condemnation, the right to remove on expiration or sooner termination of this Contract.

In the event that there shall be partial taking of the Premises during the Contract term under the power of eminent domain, this Contract shall terminate as to the portion of the Premises so taken on the date when actual physical possession of said portion is taken by the condemnor, but this Contract shall at County's option, continue in full force and effect. The compensation and damages for such partial taking shall belong to and be sole property of County, provided, however, that Contractor shall be entitled to receive any award made by Contractor to the Premises which Contractor would have had, but for the condemnation, the right to remove on expiration or sooner termination of this Contract, and, in the event that this Contract is continued as to the portion of the Premises not condemned, any award made for alterations, modifications or repairs which may be reasonably required in order to place the remaining portion of the Premises not taken in a suitable condition shall belong to County.

- 33. <u>Non-Discrimination</u>: Contractor shall not discriminate against any person or class of persons in violation of the Civil Rights Act of 1964 as amended or any other applicable laws prohibiting discrimination in the use of the Premises.
- **Americans With Disabilities Act:** County shall be responsible for alterations necessary to comply with the Americans With Disabilities Act of 1990, 42 U.S.C. sect. 12101 et seq., as currently enacted and in accordance with applicable laws.
- 35. <u>Sexual and Gender Harassment Warranty and Liability</u>: Contractor and all Contractor's employees have a contractual obligation to become fully trained and knowledgeable regarding behavior prohibited by law as sexual and/or gender harassment and at all times to comply with and ensure that all persons performing this Contract comply with an appropriate standard of conduct. Contractor or any of Contractor's employees who violate sexual and/or gender harassment laws shall be liable to the County for

all claims, demands, damages, costs, expenses, and attorney's fees incurred by the County as a result of behavior of Contractor or any of Contractor's employees performing this Contract.

- **36. Drug Free Workplace:** Contractor and Contractor's employees shall comply with County's policy of a drug free workplace. Neither Contractor nor Contractor's employees shall unlawfully manufacture, distribute, dispense, possess, or use controlled substances, including but not limited to marijuana, heroin, cocaine, methamphetamine, or amphetamines at any of Contractor's facilities or County facilities or worksites. If any employee of Contractor is found to be under the influence of or in possession of any illegal substance at or on County's Premises, that employee may not return to any of County's Premises. Further return shall be a breach of this Contract. If Contractor becomes aware that any of Contractor's employees, during the course of their employ with Contractor, are convicted or plead nolo contendere to a criminal substance abuse statute, Contractor shall be responsible for notifying the Director within seventy-two (72) hours of becoming aware of said conviction or plea. Violation of this notification provision shall constitute grounds for termination of this Contract.
- 37. <u>Smoking</u>: Entire indoor portion of the building shall be a non-smoking building and therefore, no smoking shall be allowed in the indoor portion of the Premises. Smoking on the patio portion of the Premises is permitted.
- **38.** <u>Inspection of Premises</u>: County, its agents and employees, shall have access to and the right to enter upon the Premises at any time to examine the condition thereof, and to direct Contractor to make such repairs as may be necessary and, in the event of an emergency, to take such action therein as may be required for the protection of persons or property, at the expense of Contractor.

To this end, County may make such reasonable rules and regulations pertaining to the pro shop and food and beverage operations, which shall serve to protect the health, safety, and welfare of the public and to protect the golf course as a physical asset.

39. <u>Hazardous Waste</u>: Contractor and County shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations ("Hazardous Materials Laws") relating to industrial hygiene, environmental protection, or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, UREA formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances," "hazardous wastes," "hazardous materials" or "TOXIC

SUBSTANCES" under such laws, ordinance or regulations (collectively, "Hazardous Materials"). Contractor shall, except in the event of County's sole negligence, indemnify, defend, protect, and hold County, each of County's officers, directors, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses or death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part. directly or indirectly, by: (a) The presence in, on, under or about the Premises or discharge in or from the Premises of any Hazardous Materials or Contractor's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials, to, in, on, under, about or from the Premises, or (b) Contractor's or County's failure to comply with any Hazardous Materials Law. Contractor's or County's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, cleanup or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith caused by Contractor and County and shall survive the expiration or earlier termination of the term of the Contract. For purposes of the release and indemnity provisions hereof, any acts or omissions of County, or by employees, agents, assignees, Contractors or Subcontractors of County or others acting for or on behalf of County (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to County.

- **40. Severability:** The invalidity of any provision of this Contract shall not affect the validity or enforceability of any other provision of this Contract.
- 41. Remedies Not Exclusive: The use by either party of any remedy specified herein for the enforcement of this Contract is not exclusive and shall not deprive the party using such remedy of or limit the application of, any other remedy provided by law.
- 42. <u>Law</u>: This Contract has been executed and delivered in the State of California and the validity, enforceability and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California.
- **43.** <u>Venue</u>: San Luis Obispo County shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Contract.
- 44. <u>Entire Agreement and Modifications</u>: This Contract supersedes all previous contracts and constitutes the entire understanding of the parties hereto. Contractor shall be entitled to no other benefits



than those specified herein. No changes, amendments, or modifications shall be effective unless in writing and signed, in advance of the effective date of the change, amendment or modification, by both parties. Contractor specifically acknowledges that in entering into and executing this Contract, Contractor relies solely upon the provisions contained in the Contract and no other contracts or oral discussions prior to entering this Contract.

- 45. <u>Corporate Authority</u>: Any individual executing this Contract on behalf of Contractor represents and warrants that he is duly authorized to execute and deliver this Contract on behalf of said Contractor, and that this Contract is binding upon said Contractor in accordance with its terms.
- **Surrender:** Contractor shall surrender the Premises unto County on the last day of the term or sooner termination of this Contract in the same condition as when received, reasonable use and wear excepted.
- **Successors:** The agreements herein made shall apply to, bind and inure to the benefit of the successors and assigns of Contractor, and the successors and permitted assigns of County.
- 48. <u>Provisions Deemed Covenants and Conditions</u>: The parties hereto agree that all the provisions hereof are to be construed as covenants and conditions as though the words importing such covenants and conditions are used in each instance, and that all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representative, successors and assigns.
- **49. Estoppel:** Each party, within ten (10) days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Contract is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount of monthly rent, the dates to which the rent has been paid in advance, and the amount of any prepaid rent.
- 50. <u>Binding Effect Law</u>: Subject to any provisions hereof restricting assignment or subletting by County and subject to the provisions of *Paragraph 29*, this Contract shall bind the parties, their personal representatives, successors and assigns.
- **Prior Agreements:** This Contract contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Contract may be modified in writing only when signed by the parties in interest at the time of the modification. Except as otherwise stated in this Contract, Contractor hereby



acknowledges that neither the broker (if applicable) acting as agent for Contractor nor any cooperating agent on this transaction nor the County or any employee or agents of any said persons has made any oral or written warranties or representations to Contractor relative to the condition or use by Contractor of the Premises.

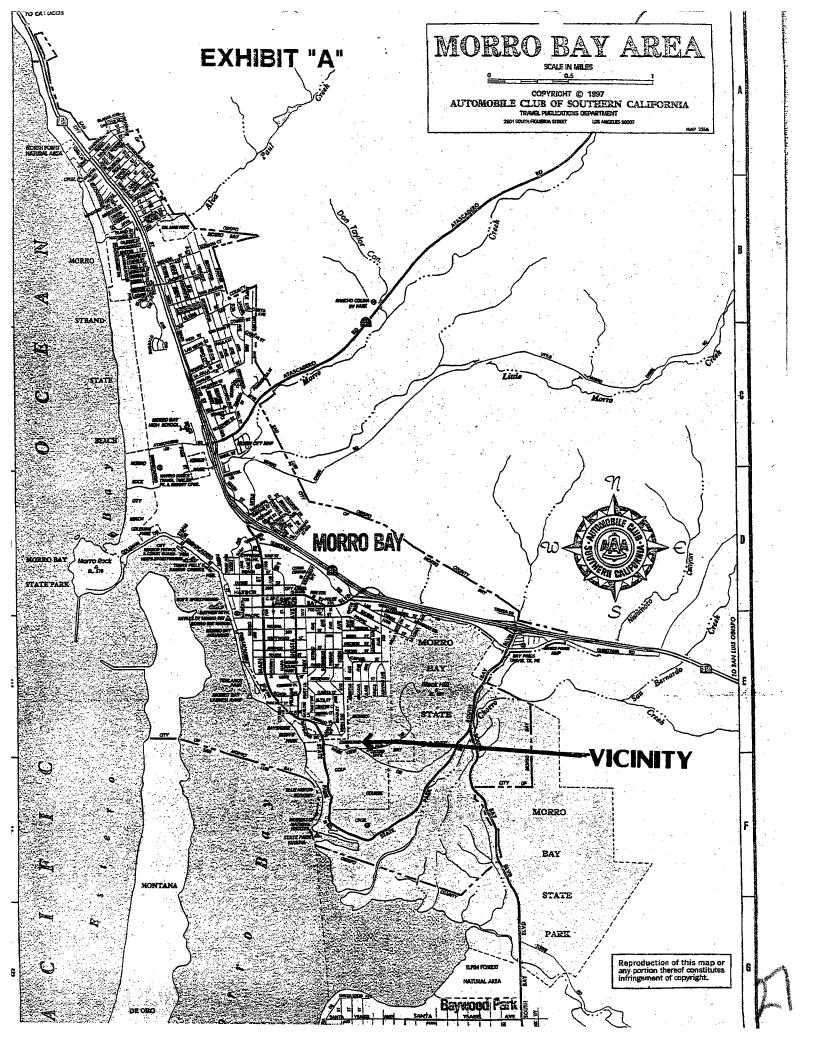
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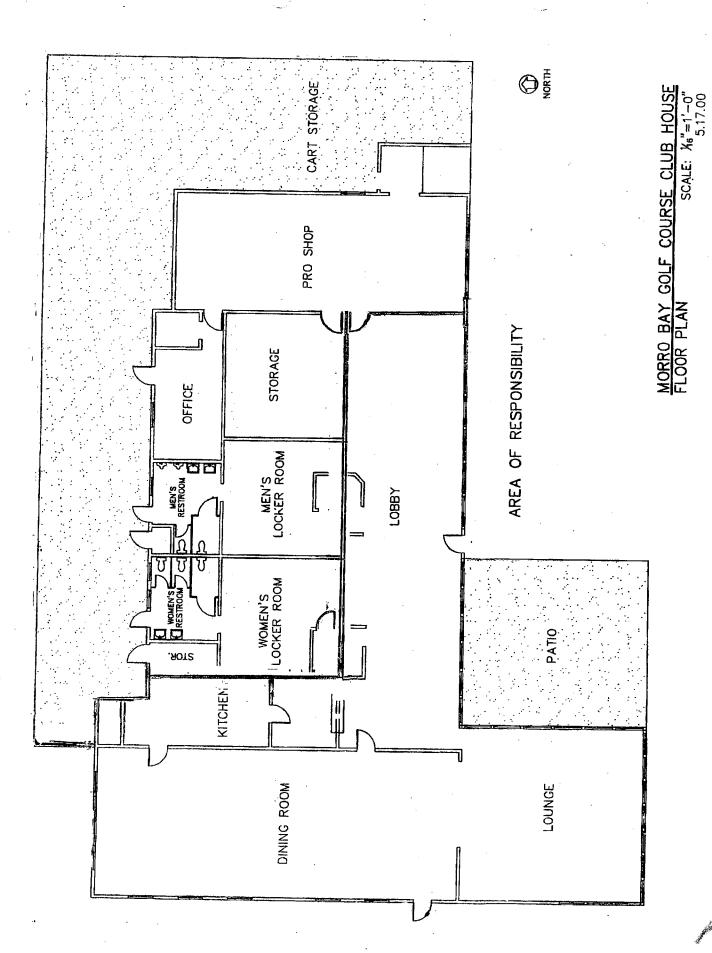
IN WITNESS WHEREOF, County and Contractor have executed this Contract on the day and year first hereinabove set forth.

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COUNTY OF SAN LUIS OBISPO	Contractor: Comerford, Inc., doing business as Fairway Management, a California Corporation
By: Chairperson of the Board of Supervisors	By: Ryan Comerford, President
Approved by the Board of Supervisors on , 2006	Date: 03.15.06
ATTEST:	I, Ryan Comerford, certify that I am the Secretary of the Corporation named in
Clerk of the Board of Supervisors	the foregoing Contract; that <b>Ryan Comerford</b> , who signed said Contract on behalf of the corporation, was then <b>President</b> of said Corporation; and said Contract was duly signed for and on behalf of said Corporation by authority of its governing
APPROVED AS TO FORM AND LEGAL EFFECT:	body and is within the scope of its corporate powers.
JAMES B. LINDHOLM, JR. County Counsel  By: Deputy County Counsel	(CORPORATE SEAL) Secretary
Date: 5/1/010	

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# EXHIBIT "C"

# MORRO BAY GOLF COURSE CONTRACT SIGNIFICANT VALUE/FIXED ASSET INVENTORY

1 ea	Stainless Steel Refrigerator, Koolaire-Manitowoc, double door, Model KR-2
1 ea	Stainless Steel Refrigerator, Continental, double door, Model 2R
1 ea	Commercial Range, Imperial

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